

Financial Report

6M21

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Credit Suisse (Schweiz) AG

**2 Report on the Financial
Statements**

**3 Interim financial statements
– unaudited**

**6 Notes to the interim financial
statements – unaudited**

Capital adequacy disclosures for Credit Suisse Group AG and Credit Suisse (Schweiz) AG are presented in the publications "Pillar 3 and regulatory disclosures – Credit Suisse Group AG" and "Regulatory disclosures – Subsidiaries", respectively, which are available on Credit Suisse Group's website [credit-suisse.com/regulatorydisclosures](https://www.credit-suisse.com/regulatorydisclosures).

Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report.

Report on the Review

of Interim financial statements to the Board of Directors of
Credit Suisse (Schweiz) AG
Zurich, Switzerland

According to your request, we have reviewed the interim financial statements (statements of income, balance sheets, statement of changes in equity and notes, pages 3 to 6) of Credit Suisse (Schweiz) AG for the period ended June 30, 2021.

These interim financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these interim financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910, which requires that a review be planned and performed to obtain limited assurance about whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not in accordance with the accounting, disclosure and valuation requirements of Swiss law that are applicable for the preparation of financial statements.

PricewaterhouseCoopers AG

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Roman Berlinger
Audit Expert

A handwritten signature in blue ink on a light blue grid background. To the right of the signature is a small red circular icon containing a white cross, which is the logo of PricewaterhouseCoopers Switzerland.

Ralph Gees
Audit Expert

Zurich, August 20, 2021

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Interim financial statements – unaudited

Statements of income (unaudited)

in	6M21	6M20
Statements of income (CHF million)		
Interest and discount income	1,081	1,031
Interest and dividend income from trading activities	0	12
Interest and dividend income from financial investments	2	1
Interest expense	7	(147)
Gross income from interest activities	1,090	897
(Increase)/release of allowance for default risks and losses from interest activities	(25)	(113)
Net income from interest activities	1,065	784
Commission income from securities trading and investment activities	834	783
Commission income from lending activities	92	90
Commission income from other services	196	206
Commission expense	(213)	(217)
Net income from commission and service activities	909	862
Net income/(loss) from trading activities and fair value option	134	173
Income from participations	172	322
Income from real estate	2	0
Other ordinary income	268	163
Net income from other ordinary activities	442	485
Personnel expenses	649	609
General and administrative expenses	741	701
Total operating expenses	1,390	1,310
Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets	400	385
Increase/(release) of provisions and other valuation adjustments, and losses	25	16
Operating profit	735	593
Extraordinary income	6	0
Taxes	(116)	(65)
Net profit	625	528

Balance sheets (unaudited)

end of	6M21	2020
Assets (CHF million)		
Cash and other liquid assets	57,430	57,188
Due from banks	7,941	5,940
Securities borrowing and reverse repurchase agreements	8,922	8,648
Due from customers	35,957	33,881
Mortgage loans	139,412	138,175
Trading assets	1,192	1,094
Positive replacement values of derivative financial instruments	2,343	2,179
Financial investments	240	249
Accrued income and prepaid expenses	425	388
Participations	906	906
Tangible fixed assets	462	456
Intangible assets	59	411
Other assets	628	852
Total assets	255,917	250,367
Total subordinated receivables	90	90
of which receivables subject to contractual mandatory conversion and/or cancellation	40	40
Liabilities and shareholders' equity		
Due to banks	26,617	22,155
Securities lending and repurchase agreements	4,170	4,908
Customer deposits	182,904	179,946
Trading liabilities	0	2
Negative replacement values of derivative financial instruments	292	1,202
Medium-term notes	139	179
Bonds and mortgage-backed bonds	27,651	27,171
Accrued expenses and deferred income	622	768
Other liabilities	530	452
Provisions	103	120
Total liabilities	243,028	236,903
Share capital	100	100
Legal capital reserves	12,144	12,644
of which capital contribution reserves	11,122	11,622
Retained earnings carried forward	20	79
Net profit	625	641
Total shareholders' equity	12,889	13,464
Total liabilities and shareholders' equity	255,917	250,367
Total subordinated liabilities	13,305	13,306
of which liabilities subject to contractual mandatory conversion and/or cancellation	3,105	3,105

Off-balance sheet transactions (unaudited)

end of	6M21	2020
CHF million		
Contingent liabilities	15,849	16,774
Irrevocable commitments	14,521	12,891
Obligations for calls on shares and additional payments	101	101

Off-balance sheet transactions

Contingent liabilities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the exposure of Credit Suisse (Schweiz) AG is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Joint and several liability

Credit Suisse (Schweiz) AG holds assets at a carrying value of CHF 2,796 million and CHF 4,738 million as of June 30, 2021 and December 31, 2020, respectively, which are pledged under the covered bond program of Credit Suisse AG and for which the related liabilities of CHF 2,053 million and CHF 3,390 million as of June 30, 2021 and December 31, 2020 are reported by Credit Suisse AG. As of June 30, 2021 and December 31, 2020, the contingent liabilities of Credit Suisse (Schweiz) AG under the covered bond program of Credit Suisse AG are CHF 2,053 million and CHF 3,390 million, respectively. Credit Suisse (Schweiz) AG also entered into a contractual arrangement under which it assumed joint and several liability in connection with Credit Suisse (Schweiz) AG's roles under the covered bonds program.

Credit Suisse (Schweiz) AG is a member of Credit Suisse Group AG's Swiss value added tax (VAT) group and therefore subject to joint and several liability according to the Swiss VAT Act.

Deposit insurance guarantee program

Deposit-taking banks and securities dealers in Switzerland are required to ensure the payout of privileged deposits in the case of specified restrictions or compulsory liquidation of a deposit-taking bank, and they jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority FINMA (FINMA) or by the compulsory liquidation of another deposit-taking bank, the participating bank's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, Credit Suisse (Schweiz) AG's share in the deposit insurance guarantee program for the period July 1, 2020 to June 30, 2021 was CHF 460 million, which included the respective share from its former subsidiary Neue Aargauer Bank AG. This deposit insurance guarantee is reflected in irrevocable commitments.

Statement of changes in equity (unaudited)

	Share capital	Legal capital reserves		Retained earnings carried forward	Net profit	Total shareholders' equity
		Total	of which: capital contribution reserves ¹			
6M21 (CHF million)						
Balance at beginning of period	100	12,644	11,622	79	641	13,464
Appropriation of net profit	–	–	–	641	(641)	–
Dividends and other distributions	–	(500)	(500)	(700)	–	(1,200)
Net profit	–	–	–	–	625	625
Balance at end of period	100	12,144	11,122	20	625	12,889

¹ Distributions from capital contribution reserves are free of Swiss withholding tax.

Notes to the interim financial statements – unaudited

1 Company details, business developments and subsequent events

Company details

Credit Suisse (Schweiz) AG is a Swiss bank incorporated as a joint stock corporation (public limited company), with its registered office in Zurich, Switzerland.

Credit Suisse (Schweiz) AG is a wholly owned subsidiary of Credit Suisse AG and Credit Suisse AG is a wholly owned subsidiary of Credit Suisse Group AG (the Group), both domiciled in Switzerland.

Business developments

Supply chain finance funds matter

As previously reported, the boards of four supply chain finance funds managed by certain Group subsidiaries decided to suspend

redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate these funds and to proceed to their liquidation. Certain clients have threatened litigation and, as this matter develops, Credit Suisse (Schweiz) AG may become subject to litigation, disputes or other actions. Credit Suisse (Schweiz) AG continues to analyze this matter. In 6M21, the supply chain finance funds matter did not have a material impact on the financial results of Credit Suisse (Schweiz) AG.

Subsequent events

There were no subsequent events from the balance sheet date until August 20, 2021, the publishing date of these interim financial statements.

2 Accounting and valuation principles

Summary of significant accounting and valuation principles

Basis for accounting

The Credit Suisse (Schweiz) AG unaudited standalone interim financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks (Bank Law), the corresponding Implementing Ordinance (Bank Ordinance), the Swiss Financial Market Supervisory Authority's Accounting Ordinance (FINMA Accounting Ordinance) and FINMA circular 2020/1, "Accounting rules for banks, securities dealers, financial groups and conglomerates" (Swiss GAAP statutory) as applicable for the preparation of reliable assessment statutory single-entity financial statements (*Statutarischer Einzelabschluss mit zuverlässiger Darstellung*). These interim financial statements should be read in conjunction with the standalone financial statements and notes thereto for the year ended December 31, 2020 included in the Annual Report 2020 of Credit Suisse (Schweiz) AG.

The new FINMA Accounting Ordinance and the revised FINMA circular 2020/1, "Accounting – banks", became effective on

January 1, 2020. In addition to a formal restructuring of the guidance, changes with regard to valuation adjustments for default risks were introduced. For larger banks, such as Credit Suisse (Schweiz) AG, the new guidance requires the introduction of an expected credit loss approach for default risks on non-impaired loans, receivables, debt securities held-to-maturity and certain off-balance sheet credit exposures such as irrevocable loan commitments. In accordance with the transitional provisions, Credit Suisse (Schweiz) AG adopted the expected credit loss approach for its standalone financial statements as of January 1, 2021, applying the accounting principles generally accepted in the US (US GAAP) in line with the Group and as allowed under Swiss GAAP statutory accounting rules for banks. The entire adoption impact was recorded on January 1, 2021 and included total expenses of CHF 37 million before taxes. Of the total adoption impact, CHF 4 million was related to on-balance sheet credit exposures and reported in "(Increase)/release of allowance for default risks and losses from interest activities" and CHF 33 million was related to off-balance sheet credit exposures and reported in "Increase/(release) of provisions and other valuation adjustments, and losses".

→ Refer to "Note 2 – Accounting and valuation principles" in the Annual Report 2020 for further information.

3 Extraordinary income

in	6M21	6M20
CHF million		
Gains realized from the disposal of participations	6 ¹	0
Extraordinary income	6	0

¹ Primarily related to the liquidation of a participation.

Cautionary statement regarding forward-looking information

This document contains forward-looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions we express in these forward-looking statements. We do not intend to update these forward-looking statements.



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